

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7474

BILL NUMBER: SB 479

NOTE PREPARED: Jan 6, 2011

BILL AMENDED:

SUBJECT: Utility System Improvement Charges.

FIRST AUTHOR: Sen. Merritt

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides that a public utility that provides water or wastewater service may establish a utility system improvement charge (USIC). (Current law provides that only a public utility that provides water service may apply for a distribution system improvement charge (DSIC).) It provides that a public utility may petition for a change in its USIC every three months. (Current law provides that a public utility may file a petition not more than once every 12 months.) The bill provides that a USIC may produce USIC revenues totaling up to 10% of a public utility's base revenue level. (Current law limits revenues to 5% of base revenue.) It requires a public utility to annually reconcile the difference between its USIC revenues and costs. It repeals definitions related to DSICs. It also makes conforming amendments.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *IURC:* This bill could increase administrative expenditures for the IURC. The bill provides that a public utility may petition for a change in its USIC every three months (instead of every 12 months as in current statute). Any increase in expenditures to the IURC would be offset by public utility fees.

State & Local Expenditures: State and local governmental entities may be subject to any changes in utility rates caused by the provisions in this bill.

Explanation of State Revenues: *Utility Rates:* To the extent that utility rates are affected by the provisions in this bill, there will be an impact on Sales Tax, Utility Receipts Tax (URT), and Utility Services Use Tax (USUT) collections.

Taxes: The rate for both the URT and USUT is 1.4%. The URT is calculated on the gross receipts of all

entities providing the retail sale of utility services in Indiana. The USUT is imposed on the retail consumption of utility services in Indiana. Both the URT and USUT are deposited in the state General Fund.

Sales Tax revenue is deposited in the state General Fund (99.178%), the Public Mass Transportation Fund (0.67%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

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